

**DESOTO PARISH SHERIFF  
Mansfield, Louisiana**

**Financial Statements  
For Year Ended June 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/17/10

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**  
**FINANCIAL STATEMENTS**  
As of and for the Year Ended June 30, 2009

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CERTIFIED PUBLIC ACCOUNTANT

**Independent Auditor's Report**

DeSoto Parish Sheriff  
Mansfield, Louisiana

I have audited the accompanying financial statements of the governmental activities, the general fund and aggregate nonmajor governmental funds and each fiduciary fund type of the DeSoto Parish Sheriff, a component unit of the DeSoto Parish Police Jury, as of and for the year ended June 30, 2009, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the DeSoto Parish Sheriff's management. My responsibility is to express opinions on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the general fund and the aggregate nonmajor governmental funds and each fiduciary fund type of the DeSoto Parish Sheriff as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated January 29, 2010 on my consideration of the DeSoto Parish Sheriff's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important in assessing the results of my audit.

The management's discussion and analysis pages 4-10 and the budgetary comparison information on page 28-29 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeSoto Sheriff's basic financial statements. The accompanying financial information listed as "Other supplementary information and schedules" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Deborah D. Dees, CPA*  
Mansfield, Louisiana  
January 29, 2010

**REQUIRED SUPPLEMENTAL  
INFORMATION (PART I)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

**DeSoto Parish Sheriff**  
**Mansfield, Louisiana**  
Management's Discussion and Analysis (Unaudited)

Within this section of the DeSoto Parish Sheriff's (the Sheriff) annual financial report, the Sheriff's management is pleased to provide this narrative discussion and analysis of the financial activities of the Sheriff for the fiscal year ended June 30, 2009. The Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**FINANCIAL HIGHLIGHTS**

The Sheriff's assets exceeded its liabilities by \$11,489,843 (net assets) for the fiscal year reported. Total net assets are comprised of the following:

- Capital assets of \$847,532 include property and equipment, net of accumulated depreciation. There is no outstanding debt related to the purchase of capital assets.
- Unrestricted net assets of \$10,583,164 which represents the portion available to maintain the Sheriff's continuing obligations to citizens and creditors.
- Restricted net assets of \$59,147 represent grant amounts to be used for the Drug Task Force and DARE.

The Sheriff's governmental funds report total ending fund balance of \$10,704,799 this year. This compares to the prior year ending fund balance of \$6,906,161 showing an increase of \$3,798,638 for the current year. At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$10,626,570 or 138.5% of total General Fund expenditures and 92.67% of total General Fund revenues including transfers. Overall, the Sheriff's office continues to maintain a strong financial position. The financial highlights are explained in more detail in the "financial analysis" section of this document.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management Discussion and Analysis document introduces the Sheriff's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Sheriff's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Sheriff's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Sheriff's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Sheriff as a whole is improving or deteriorating. Evaluation of the overall health of the Sheriff would extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Sheriff's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenues provided by the Sheriff's taxpayers.

The government-wide financial statements present governmental activities of the Sheriff that are principally supported by property and sales taxes. The sole purpose of these governmental activities is public safety. The government-wide financial statements are presented on pages 11 and 12 in the last column of this report.

## FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Sheriff uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Sheriff's most significant funds rather than the Sheriff as a whole.

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Sheriff's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives. The basic governmental fund financial statements are presented on pages 11 and 12 in the first three columns of this report.

Fiduciary funds are reported in the financial statements and report taxes collected for other taxing bodies, deposits held pending court action and the individual prison inmate accounts. The Sheriff only reports agency funds. The fiduciary fund financial statements are presented on page 13 of this report.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 15 of this report.

## OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Sheriff's budget presentations. Budgetary comparison statements are included for the general fund as "required supplementary information." This statement is a schedule demonstrating compliance with the Sheriff's adopted and final revised budget. Required supplementary information can be found on pages 28 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table provides a summary of the Sheriff's net assets:

	SUMMARY OF STATEMENTS OF NET ASSETS					
	June 30, 2009		June 30, 2008		June 30, 2007	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
<b>ASSETS</b>						
Cash and interest-bearing deposits	\$ 10,403,012	89.07%	\$ 6,748,649	86.99%	\$ 5,461,452	86.67%
Other receivables	331,288	2.84%	288,439	3.72%	290,906	4.62%
Prepaid items	98,291	0.84%	150	0.00%	150	0.00%
Capital assets, net	847,532	7.26%	720,497	9.29%	548,626	8.71%
<b>TOTAL ASSETS</b>	<b>11,680,123</b>	<b>100%</b>	<b>7,757,735</b>	<b>100%</b>	<b>6,301,134</b>	<b>100%</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts and other accrued payables	25,856	13.59%	42,053	22.25%	54,554	26.91%
Long-term liabilities:						
Compensated absences	164,424	86.41%	146,942	77.75%	148,150	73.09%
<b>TOTAL LIABILITIES</b>	<b>190,280</b>	<b>100%</b>	<b>188,995</b>	<b>100%</b>	<b>202,704</b>	<b>100%</b>
<b>NET ASSETS</b>						
Invested in capital assets	847,532	7.38%	720,497	9.52%	548,626	9.00%
Restricted for other uses	59,147	0.51%	57,055	0.75%	59,486	0.98%
Unrestricted	10,583,164	92.11%	6,791,188	89.73%	5,490,316	90.03%
<b>TOTAL NET ASSETS</b>	<b>\$ 11,489,843</b>	<b>100%</b>	<b>\$ 7,568,740</b>	<b>100%</b>	<b>\$ 6,098,430</b>	<b>100%</b>

The Sheriff continues to maintain operations with no long term debt. This is an indication of the Sheriff's ability to pay obligations as they become due. The Sheriff reported positive balances in net assets for the governmental activities. Net assets increased by \$3,921,103 for governmental activities in fiscal year 2009. Also, note that only 7.38% of the governmental activities' net assets are tied up in capital assets. The Sheriff uses these capital assets to provide services to its citizens.

## CHANGES IN NET ASSETS

Comparative data for government-wide information is presented as it accumulates and is presented to assist analysis in future years. The following table provides a summary of the Sheriff's changes in net assets:

	SUMMARY OF STATEMENTS OF ACTIVITIES					
	June 30, 2009		June 30, 2008		June 30, 2007	
	Governmental Activities	% of Total	Governmental Activities	% of Total	Governmental Activities	% of Total
<b>REVENUES:</b>						
<b>Program:</b>						
Charges for services/fines	\$ 1,718,414	14.76%	1,736,266	20.32%	\$ 1,646,572	21.65%
Operating and capital grants	712,203	6.11%	842,264	7.52%	484,070	6.36%
<b>General:</b>						
Property taxes	3,638,422	31.22%	2,958,901	34.64%	2,344,888	30.83%
Sales tax	5,162,962	44.31%	2,748,825	32.18%	2,645,792	34.79%
Video poker	131,991	1.13%	143,985	1.69%	120,254	1.58%
Unrestricted state grants	72,877	0.63%	74,320	0.87%	51,781	0.68%
Interest	54,173	0.46%	170,455	2.00%	207,075	2.72%
Miscellaneous	160,889	1.38%	68,066	0.80%	104,859	1.38%
<b>TOTAL REVENUES</b>	<b>11,652,831</b>	<b>100%</b>	<b>8,543,082</b>	<b>100%</b>	<b>7,605,271</b>	<b>100%</b>
<b>PROGRAM EXPENSES:</b>						
Public safety	(7,731,828)	100%	(7,072,770)	100%	(5,884,121)	100%
<b>TOTAL EXPENSES</b>	<b>(7,731,828)</b>		<b>(7,072,770)</b>		<b>(5,884,121)</b>	
<b>CHANGE IN NET ASSETS</b>	<b>3,921,103</b>		<b>1,470,312</b>		<b>1,721,150</b>	
<b>BEGINNING NET ASSETS</b>	<b>7,568,740</b>		<b>6,098,428</b>		<b>4,377,280</b>	
<b>ENDING NET ASSETS</b>	<b>\$ 11,489,843</b>		<b>7,568,740</b>		<b>\$ 6,098,430</b>	

### Governmental Revenues

The Sheriff is heavily reliant on sales and property taxes to support its operations. Sales tax revenue dedicated to personnel salaries provided about 44.3% of revenue. This was an increase of \$2,414,137 or 87.82% over 2008. Property taxes provided 31.22% of the Sheriff's total revenues. Property taxes paid under protest since 2000 that have not been released to the Sheriff are approximately 80% of the receivable. Interest earnings of \$54,173 were generated to support governmental activities. Also, note that program revenues cover 20.87% of governmental operating expenses. This means that the government's taxpayers and the Sheriff's other general revenues fund 79.13% of its operations.

### Governmental Functional Expenses

The total function of the Sheriff's office is public safety-law enforcement activities. Of the total costs, depreciation on the office equipment and vehicles was \$264,879 or 3.4% of total expenses.

### Major Governmental Fund

The General Fund is the Sheriff's primary operating fund and the largest source of day-to-day service delivery. The General Fund's 2009 fund balance increased by \$3,793,887. Increased oil & gas activities in the parish have contributed to the 54.2% increase in property and sales tax over 2008. Overall, revenues from all sources increased \$3,109,849 for the year. Expenditures reflect an increase of \$659,058 over last year, or about 9.3%. Of this increase, \$542,793 was in personal service and related benefits. Operating services increased by \$132,565; material and supplies increased by \$190,076; and travel and other charges decreased by \$236,098.



### Non-major Governmental Funds

The other non-major funds that the Sheriff's office maintains are those related to DARE, Task Force activities, a Criminal Interdiction Grant Fund, and the Commissary. The primary revenue stream in the Tri-Parish Task Force is a federal grant for narcotics investigations, which increased this year by \$19,545. DARE's primary activities are for the salary and expenses related to a deputy for drug intervention/education for children. The revenue and expenditures for this fund have both remained fairly constant. During the year ended June 30, 2008, the Drug Task Force Fund lacked the funds to pay all salaries and borrowed money from the General Fund. For year ended June 30, 2009, the Drug Task Force Fund was able to repay the General Fund \$13,392. The Criminal Interdiction Fund is comprised of monies released that were held from drug seizures. The Commissary Fund is used to account for activities related to the needs of inmates while in the Sheriff's custody.

The non-major Special Revenue Fund's revenues (detailed in Schedule 3 page 32) decreased by \$4,562 over 2008 and expenditures decreased by \$11,291. The Task Force released seizure money to the DeSoto District Attorney and the Forty-second Judicial District Court Division C of \$13,877. The net effect, after other financing sources effects, was a fund balance increase of \$4,751 for 2009 versus the 2008 net decrease of \$23,095 and the 2007 net increase of \$27,049.

### GENERAL FUND BUDGET HIGHLIGHTS

Budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Sheriff complies with state law, as amended, and as set forth in the Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act. The Sheriff amended the original budget primarily to accommodate an increase in revenues and the increase in salaries and related benefits and capital outlays.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital assets

The Sheriff's investment in capital assets, net of accumulated depreciation as of June 30, 2009, was \$847,532.

		Governmental Activities		
		2009	2008	2007
Depreciable assets:				
Office building, equipment & furniture	\$	322,671	\$ 316,671	\$ 216,252
Vehicles		1,882,049	1,643,591	1,388,916
Total depreciable assets		2,204,720	1,960,262	1,605,168
Less accumulated depreciation		1,357,188	1,239,767	1,056,542
Book value - depreciable assets	\$	847,532	\$ 720,495	\$ 548,626
Percentage depreciated		61.56%	63.24%	65.82%

At June 30, 2009, the depreciable capital assets for governmental activities were 61.56% depreciated versus 63.24% in the prior year. This comparison indicates that the Sheriff is replacing its assets at a steady rate. This percentage is a positive indicator.

The major additions to the vehicle account include: 18 new vehicles for \$385,914 (average cost of \$21,440).

#### DEBT ADMINISTRATION

At year end, the Sheriff's long-term debt is due to employees for uncompensated earned absences.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The annual budget is developed to provide efficient, effective and economic uses of the Sheriff's resources, as well as, a means to accomplish the highest priority objectives. Through the budget, the Sheriff sets the direction of the department, allocates its resources, and establishes its priorities. The following economic factors were considered when the budget for the fiscal year end June 30, 2009 was prepared.

- Revenues are expected to increase over the prior year
- The Sheriff plans to continue to update the vehicles in the department
- Health care is expected to increase in 2009.

#### CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Sheriff's finances, compliance with governmental financial reporting laws and regulations, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report or would like to request additional information, contact Rodney Arbuckle, Sheriff, 205 Franklin, Mansfield, LA 71052.

## **BASIC FINANCIAL STATEMENTS**

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET ASSETS**  
June 30, 2009

	Fund Financial Statements				Government-Wide Statements
	General Fund	Nonmajor Funds	Total	Adjustments Note 1(D)	Statement of Net Assets
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,295,518	\$ 107,494	\$10,403,012	\$ -	\$ 10,403,012
Accounts receivables	329,718	-	329,718		329,718
Interfund receivable	35,567	6,152	41,719	(40,149)	1,570
Prepaid expenses	98,141	150	98,291	-	98,291
Capital assets, net of accumulated depreciation (see note 6)	-	-	-	847,532	847,532
<b>TOTAL ASSETS</b>	<b>\$ 10,758,944</b>	<b>\$ 113,796</b>	<b>\$10,872,740</b>	<b>807,383</b>	<b>11,680,123</b>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	\$ 25,856	\$ -	\$ 25,856	-	25,856
Interfund payables	4,582	35,567	40,149	40,149	
Deferred ad valorem revenue	101,936	-	101,936	101,936	
Long-term debt (see note 7)	-	-	-	(164,424)	164,424
<b>TOTAL LIABILITIES</b>	<b>132,374</b>	<b>35,567</b>	<b>167,941</b>	<b>(22,339)</b>	<b>190,280</b>
<b>FUND BALANCES/NET ASSETS</b>					
Fund balances:					
Reserved	-	59,147	59,147	59,147	-
Unreserved	10,626,570	19,082	10,645,652	10,645,652	-
<b>TOTAL FUND BALANCES</b>	<b>10,626,570</b>	<b>78,229</b>	<b>10,704,799</b>	<b>10,704,799</b>	
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 10,758,944</b>	<b>\$ 113,796</b>	<b>\$10,872,740</b>	<b>10,682,460</b>	<b>-</b>
<b>Net Assets:</b>					
Invested in capital assets, net of related debt				847,532	847,532
Restricted				59,147	59,147
Unrestricted				10,583,164	10,583,164
<b>TOTAL NET ASSETS</b>				<b>\$ -</b>	<b>\$ 11,489,843</b>

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances /**  
**Statement of Activities**  
For the year ended June 30, 2009

	Fund Financial Statements				Government-Wide Statements
	General Fund	Nonmajor Funds	Total	Adjustments Note 1(D)	Statement of Activities
<b>EXPENDITURES / EXPENSES</b>					
Public Safety:					
Personal services & related benefits	\$ 5,531,211	45,059	\$ 5,576,270	\$ 17,482	\$ 5,593,752
Operating expenses	723,414	74,646	798,060		798,060
Materials & supplies	990,598	46,837	1,037,435		1,037,435
Travel & other charges	35,731	1,971	37,702		37,702
Capital outlays	391,914		391,914	(391,914)	
Depreciation		-		264,879	264,879
Total Expenditures/Expenses	7,672,868	168,513	7,841,381	(109,553)	7,731,828
<b>PROGRAM REVENUES</b>					
Prisoner reimbursement fees	412,780		412,780		412,780
Contractual fees	610,561		610,561		610,561
Fines, forfeitures, and other commissions	629,602	66,471	696,073		696,073
Operating grants and contributions	645,276	66,927	712,203		712,203
Total Program Revenues	2,298,219	133,398	2,431,617		2,431,617
Net Program Expense	5,374,649	35,115	5,409,764	(109,553)	5,300,211
<b>GENERAL REVENUES</b>					
Property taxes	3,625,510		3,625,510	12,912	3,638,422
Sales taxes	5,162,962		5,162,962		5,162,962
State revenue sharing	72,877		72,877		72,877
Video poker	131,991		131,991		131,991
Miscellaneous income	107,965	38,896	146,861		146,861
Investment earnings	53,724	449	54,173		54,173
Total General Revenues	9,155,029	39,345	9,194,374	12,912	9,207,286
<b>EXCESS (Deficiency) of REVENUES OVER EXPENDITURES/CHANGE IN NET ASSETS</b>	3,780,380	4,230	3,784,610	(122,465)	3,907,075
<b>Other financing sources(uses):</b>					
Operating transfers in (out)	(14,398)	14,398			
Paid to other taxing entities		(13,877)	(13,877)		(13,877)
Gain (Loss) on sale of assets	27,475		27,475		27,475
Compensation for damaged assets	430		430		430
Total other financial sources	13,507	521	14,028		14,028
<b>EXCESS (Deficiency) of REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES(USES)/CHANGE IN NET ASSETS</b>	3,793,887	4,751	3,798,638	(122,465)	3,921,103
<b>FUND BALANCE/NET ASSETS:</b>					
Beginning of the Year	6,832,683	73,478	6,906,161		7,568,740
End of Year	\$ 10,626,570	\$ 78,229	\$ 10,704,799	\$	\$ 11,469,843

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**FIDUCIARY FUND TYPE- AGENCY FUNDS**

Statement of Fiduciary Net Assets  
June 30, 2009

	<u>Tax Collector Fund</u>	<u>Civil Fund</u>	<u>Criminal Fund</u>	<u>Drug Seizures Escrow Fund</u>	<u>Inmate Fund</u>	<u>Total</u>
<b>ASSETS</b>						
Cash	\$ 1,145,807	\$ 85,389	\$ 100,430	\$ 52,372	\$ 5,163	\$ 1,389,161
Other assets						0
<b>TOTAL ASSETS</b>	<u>\$ 1,145,807</u>	<u>\$ 85,389</u>	<u>\$ 100,430</u>	<u>\$ 52,372</u>	<u>\$ 5,163</u>	<u>\$ 1,389,161</u>
<b>LIABILITIES</b>						
Liabilities						
Held for other taxing bodies	\$ 3,888	\$	\$	\$	\$	\$ 3,888
Due to Other Funds			883		1570	2,453
Held for others pending court action	1,141,919	85,389	99,547	52,372		1,379,227
Held for inmates					3,593	3,593
<b>TOTAL LIABILITIES</b>	<u>1,145,807</u>	<u>85,389</u>	<u>100,430</u>	<u>52,372</u>	<u>5,163</u>	<u>1,389,161</u>
<b>NET ASSETS</b>	<u>\$ 1,145,807</u>	<u>\$ 85,389</u>	<u>\$ 100,430</u>	<u>\$ 52,372</u>	<u>\$ 5,163</u>	<u>\$ 1,389,161</u>

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## **NOTES TO FINANCIAL STATEMENTS**

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**INTRODUCTION**

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four-year term, as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff also administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court and serving subpoenas. As the ex-officio tax collector of the parish, the Sheriff is responsible for the collection and distribution of ad valorem property taxes, state revenue sharing funds, fines, costs, and bond forfeitures imposed by the district court.

The Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, and other programs, et cetera. Additionally, the Sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The accompanying basic financial statements of the DeSoto Parish Sheriff have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for the establishment of governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments*, issued in June, 1999.

**B. Reporting Entity**

For financial reporting purposes, the Sheriff includes all funds and activities that are controlled by the Sheriff as an independently elected parish official. The Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. The DeSoto Parish Police Jury maintains and operates the building in which the Sheriff's office is located and provides funds for some equipment and furniture for the Sheriff's office. Because the Sheriff is fiscally dependent on the Police Jury, the Sheriff was determined to be a component unit of the DeSoto Parish Policy Jury. The accompanying financial statements present information only on the funds maintained by the DeSoto Sheriff. There are no component units to be included in the Sheriff's reporting entity.

**C. Fund Accounting**

The Sheriff used funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. The emphasis of fund financial statements is on major funds, each displayed in a separate column.



**DESOTO PARISH SHERIFF**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**C. Fund Accounting (continued)**

The amounts reflected in the governmental funds financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are generally included on the Balance Sheet. The Sheriff reports the following governmental funds:

General Fund. The general fund, as provided by Louisiana Revised Statute 33:1422 is the principal fund and is used to account for the operations of the Sheriff's office. The Sheriff's primary source of revenue is an ad valorem tax and sales tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance and maintenance of prisoners, and various other reimbursements, fees, grants, and commissions. General operating expenditures are paid from this fund.

Special Revenue Funds. Special revenue funds are used to account for the proceeds of specific revenue sources such as ad valorem taxes, sales, taxes, and federal grants. Those revenues are legally restricted, either by tax proposition or grant agreement, to expenditures for specified purposes. Per criteria for FFS below, these funds are presented as nonmajor funds in the governmental fund financial statements.

Fiduciary Fund financial statements include a Statement of Net Assets. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds, which are custodial in nature (assets equal liabilities), do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

**D. Basis of Accounting/Measurement Focus**

**Fund Financial Statements (FFS)**

The amounts reflected in the General Fund and Nonmajor Funds of Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of sheriff operations.

The amounts reflected in the General Fund and Nonmajor Funds of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

**Revenues**

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis and attached as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**D. Basis of Accounting/Measurement Focus (continued)**

required that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Gaming tax revenues are recorded in the period during which the exchange transactions on which the tax is imposed occur. Fines, forfeitures, fees and court costs are recognized in the period they are released for distribution by the Courts.

Federal and state entitlements are recorded as unrestricted grants-in-aid when available and measurable. Revenue from federal and state grants is recognized when all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted; matching requirements in which the Sheriff must provide local resources to be used for a specified purpose; and expenditure requirements in which the resources are provided to the Sheriff on a reimbursement basis.

Interest earnings on deposits are recorded when earned.

Those revenues susceptible to accrual are sales taxes, property taxes, grants, contracts, interest revenue and charges for services. Substantially all other revenues, including fines, forfeitures and commissions, are not susceptible to accrual because generally they are not measurable until received in cash.

**Expenditures**

Salaries and related benefits are recorded when employee services are provided.

Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased.

Substantially all other expenditures are recognized as expenditures when the related fund liability has been incurred.

Transfers between funds that are not expected to be repaid, sales of assets and compensation for loss of assets are accounted for as other financing sources (uses). These other sources (uses) are recognized at the time the underlying events occur.

**Government-Wide Financial Statements (GWFS)**

The column labeled *Statement of Net Assets (Statement A)* and the column labeled *Statement of Activities (Statement B)* display information about the Sheriff as a whole. These statements include all the financial activities of the Sheriff. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program revenues include (a) fees and charges paid by the recipients of services offered by the Sheriff, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**Basis of Accounting/Measurement Focus (continued)**

A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. Based on these criteria the Sheriff has no major funds.

The following reconciling schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the Government-Wide financial statements.

Statement A	
Fund financial statements total fund balances	\$ 10,704,799
Interfund transactions are eliminated in consolidation:	
Interfund receivables	(40,149)
Interfund payables	40,149      -
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in fund financial statement, but are reported in the governmental activities of the Statement of Assets	
Cost of capital assets	2,204,720
Less accumulated depreciation	<u>(1,357,188)</u>
Long-term liabilities are not due and payable in the current period and are not included in the fund financial statements but are included in the governmental activities of the Statement of Assets	847,532
Compensated absences	(164,424)
Certain deferred revenues are reported in the governmental funds but not in the Statement of Net Assets	101,936
Government-wide statement net assets	<u>\$ 11,489,843</u>

Statement B	
Fund Financial statements excess of revenues over expenditures	\$ 3,798,638
Governmental funds report capital outlays as expenditures because such outlays use current financial resources. However, for governmental activities those capital outlays are reported in the Statement of Net Assets and are allocated over their useful lives in the Statement of Activities.	
Capital outlays	391,914
Depreciation expense	(264,879)
In the Statement of Activities, certain operating expense, such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually paid.	
(Increase) decrease in accrued compensated absences	(17,482)
Because of the timing of actual receipt, some revenues are not considered "available" to pay current obligations and are not reported in the governmental funds. They are, however, reported in the Statement of Activities	
Increase (decrease) in deferred revenues-ad valorem taxes	12,912
Government-wide change in net assets	<u>\$ 3,921,103</u>

**DESOTO PARISH SHERIFF  
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June 30, 2009

**E. Budgets**

Proposed budgets, prepared on the modified accrual basis of accounting, are published in the official journal at least 10 days prior to the public hearing. Public hearings are held at the Sheriff's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the Sheriff and amended during the year, as necessary. Budgets are established and controlled by the Sheriff at the object level of expenditure. The Sheriff must approve all changes or amendments to the budget.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and the final budget which includes all amendments. The general fund budget was not amended during the year.

**F. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, money market accounts or nonnegotiable certificates of deposit. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

**G. Investments**

Under Louisiana Revised Statute (R.S.) 33:2955, the Sheriff may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Under this definition the Sheriff does not have any investments.

**H. Compensated Absences**

The Sheriff has the following policy relating to vacation and sick leave:

After one year of service, all regular, full-time employees are granted 10 days of vacation leave each year. With 12 years plus continuous service with the DeSoto Parish Sheriff, employees are granted 15 days vacation each year. Vacation leave may be accumulated and carried forward to succeeding years. Upon termination of employment, employees are paid for up to 160 hours of accumulated vacation leave. Sick leave is granted on a case-by-case basis, at the discretion of the Sheriff. The Sheriff's recognition and measurement criterion for compensated absences is as follows: The vacation leave is accrued as a liability as the benefits are earned by the employees. Sick leave is not accrued.

**I. Capital Assets**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$2,500 or more for capitalizing capital assets. Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Equipment and furniture	5-20
Vehicles	5

**DESOTO PARISH SHERIFF  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2009**

**J. Interfund Transactions**

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient and as an expenditure or expense by the provider. If repayment is expected, these receivables and payables are classified as "Advance to (from) other funds." In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities. In addition, interfund receivables and payables are eliminated to present a net balance for each type of activity.

**K. Prepaid Items**

Payments made to vendors for services that will benefit beyond June 30, 2009 are recorded as prepaid expenses.

**L. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**M. Restricted Net Assets**

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

**N. Deferred Revenues**

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the Sheriff receives resources before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria have been met or the Sheriff has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

**O. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those amounts.

**2. LEVIED TAXES**

The Sheriff was authorized an ad valorem tax millage of 12.47 mills and levied taxes of 12.47 mills for 2008. Ad valorem taxes are recorded in the year the taxes are assessed.

Total assessed value was \$273,434,195 in 2008. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**2. LEVIED TAXES (continued)**

\$36,296,280 of the assessed value in 2008. The following are the principal taxpayers for the parish and their 2008 assessed valuation (amounts expressed in thousands):

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
International Paper Co.	Manufacturing	\$70,209	21.29%
Southwestern Electric	Utility	24,067	7.30%
Exco Partners Operating	Oil & Gas	23,629	7.17%
CLECO Power, LLC	Utility	21,835	6.62%
El Paso Production Company	Oil & Gas	16,824	5.10%
Total		<u>\$156,564</u>	<u>47.48%</u>

The DeSoto Sheriff passed a one-half of one percent (1/2%) sales and use tax on July 17, 2004. Collection of the tax began October 1, 2004. These funds are dedicated to paying salaries and benefits for the law enforcement personnel of the Sheriff. The amount of sales tax collected for year ended June 30, 2009 was \$2,748,825.

**3. CASH AND CASH EQUIVALENTS**

At June 30, 2009, the Sheriff has cash in interest bearing and non-interest bearing accounts (book balance) totaling \$11,945,553 as follows:

	Government Funds	Fiduciary Funds	Total
Demand deposits	\$ 129,243	\$ 190,983	\$ 320,225
Interest-bearing demand deposits	9,793,742	1,198,034	10,991,776
Lamp account	632,852		632,852
Petty Cash	700		
Categorized bank deposits	<u>\$ 10,556,537</u>	<u>\$ 1,389,016</u>	<u>\$ 11,945,553</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Deposits (collected bank balances) at June 30, 2009, are \$12,488,536. These deposits are secured from risk by \$1,250,000 of federal deposit insurance and \$22,825,978 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Sheriff that the fiscal agent has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the Sheriff's name.

At June 30, 2009, the balance in the Louisiana Asset Management Pool, Inc. (LAMP) account is \$632,852, (See summary of Significant Accounting Policies Note E.) In accordance with GASB Codification 150.164, the balance in the LAMP account is not categorized in the three risk categories provided by GASB Codification 150.164 because the balance is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. Only local governments having contracted to participate in LAMP have an interest

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2009

**3. CASH AND CASH EQUIVALENTS (continued)**

in the pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Therefore, under GASB 9, the Sheriff classifies this account as cash.

**4. RECEIVABLES**

The following is a summary of receivables at June 30, 2009:

	General Fund	Nonmajor Funds	Total
Intergovernmental revenues:			
State supplement pay	\$ 31,973		31,973
Parish LACE revenue	15,540		15,540
Other receivable	4,397		4,397
Federal grants	4,300		4,300
Probation & Juvenile officers	32,955		32,955
Bond fees, fines and forfeitures	22,608	-	22,608
Ad valorem tax	123,958		123,958
Fees, charges, and commissions for services:			-
Court attendance	16,178		16,178
Feeding and keeping parish prisoners	8,029		8,029
Feeding and keeping state prisoners	27,853		27,853
Local security contracts	23,274		23,274
Background checks	18,653		18,653
Totals	<u>\$ 329,718</u>	<u>\$ -</u>	<u>\$ 329,718</u>

All receivables are current and therefore due within one year. Allowances are reported when accounts are proven to be uncollectible. There are no allowances reported.

**5. INTERFUND RECEIVABLES/PAYABLES**

The Sheriff transfers from the General Fund into the nonmajor funds in anticipation of grant revenues that will be received by these funds. When the revenues arrive, the general fund is repaid. Individual balances reported as Interfund receivables/payables, advance to/from other funds at June 30, 2009, are as follows:

	General Fund	Task Force Program Fund	Task Force Budget Fund	Debt Fund	Total
Interfund receivable	\$ 35,587			\$ 4,582	\$ 40,149
Interfund payables	(4,582)	(15,000)	(20,587)		(40,149)
Total	<u>\$ 30,985</u>	<u>\$ (15,000)</u>	<u>(20,587)</u>	<u>\$ 4,582</u>	<u>\$ 0</u>

**DESOTO PARISH SHERIFF**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**6. CAPITAL ASSETS**

A summary of changes in office furnishings, equipment and vehicles follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>6/30/2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2009</u>
Depreciable assets:	\$	\$	\$	\$
Office equipment & furniture	316,671	6,000		322,671
Vehicles	<u>1,665,026</u>	<u>385,914</u>	<u>168,891</u>	<u>1,882,049</u>
Total depreciable assets	1,981,697	391,914	168,891	2,204,720
Less accumulated depreciation	<u>1,246,554</u>	<u>264,879</u>	<u>154,245</u>	<u>1,357,188</u>
Capital assets, net	<u>\$ 735,143</u>	<u>127,035</u>	<u>14,646</u>	<u>\$ 847,532</u>

Depreciation expense in the amount of \$264,879 was charged to public safety.

**7. LONG-TERM DEBT**

The following is a summary of long-term debt transactions (compensatory time) for the year ended June 30, 2009:

	<u>Long-term</u> <u>debt</u>
Compensated absences at July 1, 2008	\$ 146,942
Additions	164,424
Deductions	<u>(146,942)</u>
Compensated absences at June 30, 2009	<u>\$ 164,424</u>

**8. PENSION PLAN**

*Plan Description.* Substantially all employees of the DeSoto Parish Sheriff's office are members of the Louisiana Sheriffs' Pension and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All Sheriffs and all deputies who were between the ages of 18 and 50 at the time of original employment, are found to be physically fit, and who earn at least \$400 per month are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 2.5% for each year if total service is at least 12 but less than 15 years, 2.75% for each year if total service is at least 15 but less than 20 years, and 3% for each year if total service is at least 20 years (Act 1117 of 1995 increased the accrual rate by 0.25% for all service rendered on or after January 1, 1980.) In any case, the retirement benefit cannot exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established or amended by state statute.



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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**8. PENSION PLAN (continued)**

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, Post Office Box 3163, Monroe, Louisiana 71220, or by calling (318) 362-3191.

*Funding Policy.* Plan members are required by state statute to contribute 10 percent of their annual covered salary and the DeSoto Parish Sheriff is required to contribute at an actuarially determined rate to the pension plan. The current rate is 11 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the DeSoto Parish Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The DeSoto Parish Sheriff's contributions to the System for the years ended June 30, 2009, 2008, and 2007 were \$395,158, \$354,856, and \$352,275, respectively, equal to the required contributions for each year.

**9. OTHER POST-EMPLOYMENT BENEFITS**

According the R.S. 33:1448(G), the Sheriff is required to pay the costs of group medical and dental insurance and for the first ten thousand dollars of life insurance for all Sheriffs' and Deputy Sheriffs' retired with at least fifteen years of service who are at least fifty-five years of age. For the year ended June 30, 2009, there were five retirees receiving these benefits and the total amount of premiums paid for them totaled \$22,381.

In June, 2004, The Governmental Accounting Standards Board issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefit Plans Other Than Pension Plans." The Sheriff is required to implement this standard for the year ending June 30, 2010. The Sheriff has not yet determined the full impact that the adoption of Statement No. 45 will have on the financial statements.

**10. DEFERRED COMPENSATION**

Certain employees of DeSoto Sheriff participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, P. O. Box 94397, Baton Rouge, Louisiana 70804-9397.

**11. CHANGES IN AGENCY FUND BALANCES**

A summary of changes in agency fund balances due to taxing bodies and others follows:

FUND	Balance			Balance
	July 1,	Additions	Deductions	June 30,
Tax collector	\$ 1,063,727	\$ 34,284,439	\$ 34,202,359	\$ 1,145,807
Civil	135,109	842,431	892,151	85,389
Criminal	276,982	2,290,908	2,468,343	99,547
Drug Seizures Escrow	20,518	38,000	6,146	52,372
Inmate Commissary	5,008	103,373	104,788	3,593
Totals	\$ 1,501,344	\$ 37,559,151	\$ 37,673,787	\$ 1,386,708

**DESOTO PARISH SHERIFF**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2009

**12. RESTRICTED NET ASSETS/FUND BALANCE RESERVE**

The following schedule summarizes restricted net assets and the reserves at June 30, 2009:

	Fund Balance Reserve		Restricted Net Assets
	General Fund	Nonmajor Funds	
DARE	\$ <u>          </u>	\$ <u>59,147</u>	\$ <u>59,147</u>

**13. LITIGATION AND CLAIMS**

At June 30, 2009, the Sheriff was a defendant in lawsuits principally arising from the normal course of operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Sheriff and legal counsel, resolution of these matters would not create a liability in excess of insurance coverage that would have a material adverse effect on the financial condition of the Sheriff.

The Sheriff receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement for disallowed costs under the terms of the agreements. In the opinion of management, such disallowance, if any, would be insignificant.

**14. RISK MANAGMENT**

The Sheriff is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the Sheriff maintains commercial insurance policies covering: automobile liability, medical payments, uninsured motorist, and collision; health insurance providing 100 percent coverage for any employee injured while on the job; and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. In addition to the above policies, the Sheriff also maintains a liability insurance policy with the Louisiana Sheriffs' Risk Management Program. No claim has been paid on the policy during the past three years nor is the Sheriff aware of any unfiled claims.

**15. FEDERAL FINANCIAL ASSISTANCE**

During the year ended June 30, 2009, the DeSoto Parish Sheriff participated in the following federal financial assistance programs:

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Number	Issues/ Expenditures
<b>United States Department of Justice</b>			
Louisiana Commission of Law Enforcement			
Multi-Jurisdictional Task Force	16.738	B07-1-007	\$ 38,168
Total Federal Financial Assistance			<u>\$ 38,168</u>

The DeSoto Parish Sheriff's office administers monies received for Homeland Security/Emergency Preparedness Grants that are distributed by the DeSoto Parish Police Jury. This revenue is recorded by the DeSoto Parish Police Jury.

**DESOTO PARISH SHERIFF  
Mansfield, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

June 30, 2009

**16. TAXES PAID UNDER PROTEST**

The net assets held for others pending court action in the Tax Collector agency fund at June 30, 2009 reflects taxes paid under protest, plus interest earned to date on these funds. These funds are held pending resolution of the protest.

**17. RELATED PARTY TRANSACTIONS**

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 2009.

**18. ON-BEHALF PAYMENTS FOR SALARIES**

The Sheriff recognizes as general fund revenues and expenses supplemental pay made by the State of Louisiana to the Sheriff's employees. For year ended June 30, 2009 the state contributed \$340,734.

**REQUIRED SUPPLEMENTARY INFORMATION  
(PART II)**

**BUDGETARY COMPARISON SCHEDULE**

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For the Year Ended June 30, 2009

	Original	Final	General Fund	Variance with Final Budget Positive(Negative)
<b>EXPENDITURES/EXPENSES</b>				
Public Safety:				
Personal services & related benefits	\$ 5,469,800	\$ 5,596,775	\$ 5,531,211	\$ 65,564
Operating expenses	556,550	724,390	723,414	976
Materials & supplies	1,024,797	957,196	990,598	(33,402)
Travel & other charges	18,500	25,300	35,731	(10,431)
Capital outlays	260,000	375,900	391,914	(16,014)
Total Expenditures/Expenses	<u>7,329,646</u>	<u>7,679,560</u>	<u>7,672,868</u>	<u>6,693</u>
<b>PROGRAM REVENUES</b>				
Prisoner reimbursement fees	347,300	412,835	412,780	(55)
Contractual fees	536,700	610,470	610,561	91
Fines, forfeitures, and other fees	447,150	615,584	629,602	14,018
Operating grants and contributions	<u>517,600</u>	<u>602,780</u>	<u>645,276</u>	<u>42,516</u>
Total Program Revenues	<u>1,848,750</u>	<u>2,241,649</u>	<u>2,298,219</u>	<u>56,570</u>
Net Program Expense	<u>5,480,896</u>	<u>5,437,911</u>	<u>5,374,649</u>	<u>63,263</u>
<b>GENERAL REVENUES</b>				
Property taxes	2,901,000	3,618,820	3,625,510	6,690
Sales taxes	2,400,000	4,610,800	5,162,962	552,162
State revenue sharing	55,000	72,875	72,877	2
Video Poker	100,000	131,990	131,991	1
Miscellaneous income	22,800	149,220	107,965	(41,255)
Investment earnings	100,000	51,085	53,724	(2,639)
Total General Revenues	<u>5,578,800</u>	<u>8,634,790</u>	<u>9,155,029</u>	<u>514,961</u>
<b>EXCESS (Deficiency) of REVENUES OVER EXPENDITURES/CHANGE IN NET ASSETS</b>	<b>97,904</b>	<b>3,196,879</b>	<b>3,780,380</b>	<b>578,224</b>
Other financing sources:				
Operating transfers in (out)	-	-	(14,398)	(14,398)
Sale of assets	15,000	24,775	27,475	2,700
Compensation for damaged assets	<u>1,000</u>	<u>430</u>	<u>430</u>	<u>0</u>
Total other financial sources	<u>16,000</u>	<u>25,205</u>	<u>13,507</u>	<u>(11,698)</u>
<b>EXCESS (Deficiency) of REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES/CHANGE IN NET ASSETS</b>	<b>113,904</b>	<b>3,222,084</b>	<b>3,793,887</b>	<b>566,526</b>
<b>FUND BALANCE/NET ASSETS:</b>				
Beginning of the Year	6,832,683	6,832,683	6,832,683	6,832,683
End of Year	<u>\$ 6,946,587</u>	<u>\$ 10,054,767</u>	<u>\$ 10,626,570</u>	<u>\$ 7,399,209</u>

**DESOTO PARISH SHERIFF  
Mansfield, Louisiana**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

As of and for the Year Ended June 30, 2009

**Budgetary Information**

The Sheriff's budget is prepared in accordance with accounting principles generally accepted in the United States of America.

The Louisiana Local Government Budget Act provides that "the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year.

Other financing sources reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Fund (Statement B, page 12, Fund Financial Statements) is budgeted with other revenues.

## **OTHER SUPPLEMENTAL INFORMATION AND SCHEDULES**

**DeSoto Parish Sheriff  
Mansfield, Louisiana**

**FIDUCIARY FUND TYPE—AGENCY FUNDS**

Year ended June 30, 2009

**Tax Collector Fund**

Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes, licenses, and fees. The Tax Collector Fund is used to collect and distribute these taxes to the appropriate taxing bodies.

**Civil Fund**

The Civil Fund accounts for the collection of funds in civil suits, Sheriff's sales, and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

**Criminal Fund**

The Criminal Fund is a depository for cash bonds, fines, and court costs which are posted in criminal and traffic cases and the collection of a bond fee charge levied for the processing of cash bonds. Bond fee charges are transferred to the Sheriff's General Fund and cash bonds are held until cases are heard in court and then either refunded to defendants, or distributed as directed by the court.

**Drug Seizures Escrow Fund**

In accordance with Louisiana Revised Statute 40:2616, the District Attorney for the Eleventh Judicial District has appointed the DeSoto Parish Sheriff as administrator for the Drug Seizures Escrow Fund. This fund accounts for seized property subject to forfeiture to the law enforcement agencies that participated in the seizing process. The distributions to the appropriate agencies are made only upon order of the district attorney as approved by the court.

**Inmate Fund**

The Inmate Fund accounts for funds of inmates that are used for personal items purchased by the inmates.



**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**GOVERNMENTAL FUND TYPE - NONMAJOR SPECIAL REVENUE FUNDS**

Balance Sheet  
June 30, 2009

	Task Force Budget Fund	Task Force Program Income Fund	DARE Fund	Commissary Fund	Criminal Interdiction/ Grant Fund	Total
<b>ASSETS</b>						
Cash	\$ 24,811	\$ 13,214	\$ 54,415	\$ 8,996	\$ 6,058	\$ 107,494
Receivables						0
Interfund receivables			4,582	1,570		6,152
Prepaid expenses			150			150
<b>TOTAL ASSETS</b>	<b>\$ 24,811</b>	<b>\$ 13,214</b>	<b>\$ 59,147</b>	<b>\$ 10,566</b>	<b>\$ 6,058</b>	<b>\$ 113,796</b>
<b>LIABILITIES &amp; FUND EQUITY</b>						
Liabilities:						
Due to other taxing bodies	\$	\$	\$	\$	\$	\$
Interfund payables	20,567	15,000				35,567
<b>Total liabilities</b>	<b>20,567</b>	<b>15,000</b>			<b>0</b>	<b>35,567</b>
Fund equity:						
Fund balance:						
Reserved			59,147			59,147
Unreserved-undesignated	4,244	(1,786)		10,566	6,058	19,082
<b>Total Fund Equity</b>	<b>4,244</b>	<b>(1,786)</b>	<b>59,147</b>	<b>10,566</b>	<b>6,058</b>	<b>78,229</b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$ 24,811</b>	<b>\$ 13,214</b>	<b>\$ 59,147</b>	<b>\$ 10,566</b>	<b>\$ 6,058</b>	<b>\$ 113,796</b>

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**GOVERNMENTAL FUND TYPE - NONMAJOR SPECIAL REVENUE FUNDS**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2009**

	<b>Task Force Budget Fund</b>	<b>Task Force Program Fund</b>	<b>DARE Fund</b>	<b>Commissary Fund</b>	<b>Criminal Interdiction/ Grant Fund</b>	<b>Total</b>
<b>REVENUES</b>						
Fees, Fines, Seizures, and Commissions	\$	\$ 50,161	\$ 16,310	\$	\$	\$ 66,471
Operating Grants and Contributions						
Federal grants	38,168		21,761			59,929
Tri-Parish matching funds	6,998					6,998
State grants						
Interest			449			449
Miscellaneous			18	33,104	5,774	38,896
<b>TOTAL REVENUES</b>	<u>45,166</u>	<u>50,161</u>	<u>38,538</u>	<u>33,104</u>	<u>5,774</u>	<u>172,743</u>
<b>EXPENDITURES</b>						
Public safety:						
Personal services and related benefits	19,659	5,900	19,500			45,059
Operating services	27,940	34,461	5,097	1,586	5,562	74,646
Materials and supplies	0	3,746	10,476	31,471	1,144	46,837
Travel and other charges		598	1,373		0	1,971
Capital outlay						-
<b>TOTAL EXPENDITURES</b>	<u>47,599</u>	<u>44,705</u>	<u>36,446</u>	<u>33,057</u>	<u>6,706</u>	<u>168,513</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(2,433)	5,456	2,092	47	(932)	4,230
Other financing sources (uses)						
Paid to other taxing entities		(13,877)				(13,877)
Transfer in	14,398					14,398
Transfer out						0
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	11,965	(8,421)	2,092	47	(932)	4,751
<b>FUND BALANCES, BEGINNING OF YEAR</b>	(7,721)	6,635	57,055	10,519	6,990	73,478
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 4,244</u>	<u>\$ (1,786)</u>	<u>\$ 59,147</u>	<u>\$ 10,566</u>	<u>\$ 6,058</u>	<u>\$ 78,229</u>

**DeSoto Parish Sheriff  
Mansfield, Louisiana**

**FIDUCIARY FUND TYPE—AGENCY FUNDS**

Year ended June 30, 2009

**Tax Collector Fund**

Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes, licenses, and fees. The Tax Collector Fund is used to collect and distribute these taxes to the appropriate taxing bodies.

**Civil Fund**

The Civil Fund accounts for the collection of funds in civil suits, Sheriff's sales, and garnishments and payment of these collections to the Sheriff's General Fund and other recipients in accordance with applicable laws.

**Criminal Fund**

The Criminal Fund is a depository for cash bonds, fines, and court costs which are posted in criminal and traffic cases and the collection of a bond fee charge levied for the processing of cash bonds. Bond fee charges are transferred to the Sheriff's General Fund and cash bonds are held until cases are heard in court and then either refunded to defendants, or distributed as directed by the court.

**Drug Seizures Escrow Fund**

In accordance with Louisiana Revised Statute 40:2616, the District Attorney for the Forty-second Judicial District has appointed the DeSoto Parish Sheriff as administrator for the Drug Seizures Escrow Fund. This fund accounts for seized property subject to forfeiture to the law enforcement agencies that participated in the seizing process. The distributions to the appropriate agencies are made only upon order of the district attorney as approved by the court.

**Inmate Fund**

The Inmate Fund accounts for funds of inmates that are used for personal items purchased by the inmates.

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**FIDUCIARY FUND TYPE- AGENCY FUNDS**

Statement of Changes in Net Assets  
For the year ended June 30, 2009

	<u>Tax Collector Fund</u>	<u>Civil Fund</u>	<u>Criminal Fund</u>	<u>Drug Seizures Escrow Fund</u>	<u>Inmate Fund</u>	<u>Total</u>
<b>Additions:</b>						
Deposits:						
Sheriff's sales		648,321				648,321
Fines, forfeitures, and costs			2,187,959			2,187,959
Garnishments		193,284				193,284
Seizures, bonds, etc			102,949	38,000		140,949
Taxes, fees, etc., received						
Ad valorem taxes:						
Current year	33,450,513					33,450,513
Prior year	8,026					8,026
Protested	115,203					115,203
State revenue sharing	569,173					569,173
Interest on:						
Operating account	3,832					3,832
Delinquent taxes	5,210					5,210
Prior year taxes	1,539					1,539
Cost of tax notices, etc.	36,729					36,729
Redemptions	78,514					78,514
Other additions	15,700	826			103,373	119,899
Total additions	<u>34,284,439</u>	<u>842,431</u>	<u>2,290,908</u>	<u>38,000</u>	<u>103,373</u>	<u>37,559,151</u>
<b>Deductions:</b>						
Settlement payments to:						
Louisiana Dept of Forestry	25,685					25,685
Red River Levee District	2,863					2,863
Louisiana Tax Commission	7,813					7,813
DeSoto Parish:						
Sheriff's General Fund	3,804,999	171,316	263,042			4,239,357
Clerk of Court	2,154	20,462	122,534			145,150
Police Jury	4,742,553		881,679			5,624,232
School Board	16,837,906					16,837,906
Parish Library	887,882					887,882
Assessor	965,782					965,782
Municipalities			658			658
District Attorney			333,545	6,146		339,691
Communications District	290,329					290,329
Criminal Court Fund			484,878			484,878
Litigants, attorneys		175,927				175,927
Pension Funds	937,279					937,279
Northwest Crime Lab			114,652			114,652
Northwest Juvenile Detention			75,975			75,975
Louisiana Rehabilitation			36,041			36,041
Fire Protection District No. 1	431,118					431,118
Fire Protection District No. 2	247,756					247,756
Fire Protection District No. 5	175,679					175,679
Fire Protection District No. 8	1,462,775					1,462,775
Fire Protection District No. 9	410,065					410,065
Water District No. 1	1,716,151					1,716,151
Ambulance Service District	1,159,317					1,159,317
Other Settlements			75,156			75,156
Refunds	94,252		80,183			174,435
Other reductions		524,446			104,788	629,234
Total reductions	<u>34,202,359</u>	<u>892,151</u>	<u>2,468,343</u>	<u>6,146</u>	<u>104,788</u>	<u>37,673,787</u>
<b>Change in Net Assets</b>	<u>82,080</u>	<u>(49,720)</u>	<u>(177,435)</u>	<u>31,854</u>	<u>(1,415)</u>	<u>(114,636)</u>
<b>Net Assets, beginning</b>	<u>1,063,727</u>	<u>135,109</u>	<u>276,982</u>	<u>20,518</u>	<u>5,008</u>	<u>1,501,344</u>
<b>Net Assets, ending</b>	<u>\$ 1,145,807</u>	<u>\$ 85,389</u>	<u>\$ 99,547</u>	<u>\$ 52,372</u>	<u>\$ 3,593</u>	<u>\$ 1,386,708</u>

Supplementary Information. Presented for purposes of additional analysis only.

**OTHER REPORTS REQUIRED BY**  
**GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on internal control and on compliance with laws regulations, and other matters in accordance with *Government Auditing Standards* as required by *Government Auditing Standards*, issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. The report is based solely on the audit of the financial statements and includes, where appropriate, any significant deficiencies and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

DeSoto Parish Sheriff  
Mansfield, Louisiana

I have audited the financial statements of the governmental activities, the general fund and aggregate nonmajor governmental funds and each fiduciary fund type of the DeSoto Parish Sheriff as of and for the year ended June 30, 2009, and have issued my report thereon dated January 29, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered The DeSoto Parish Sheriff's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the DeSoto Parish Sheriff's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the DeSoto Parish Sheriff's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the DeSoto Parish Sheriff's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the DeSoto Parish Sheriff's financial statements that is more than inconsequential will not be prevented or detected by the DeSoto Parish Sheriff's internal control. I consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting: 2009-01 and 2009-02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the DeSoto Parish Sheriff's internal control.

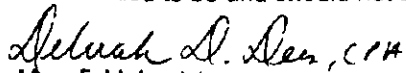
My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DeSoto Parish Sheriff's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as: item 2009-03.

DeSoto Parish Sheriff's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. I did not audit DeSoto Parish Sheriff's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the DeSoto Parish Sheriff, management of the Sheriff's office and the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Delvaugh A. Lee, CPA

Mansfield, Louisiana

January 29, 2010

## **AUDIT FINDINGS**



**DESOTO PARISH SHERIFF  
Mansfield, Louisiana**

**SCHEDULE OF FINDINGS AND RESPONSES  
For the Year ended June 30, 2009**

**Part I. Summary of Auditor's Results**

**INDEPENDENT AUDITOR'S REPORT:**

I have audited the basic financial statements of the DeSoto Parish Sheriff as of and for the year ended June 30, 2009, and have issued my report thereon dated January 29, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2009, resulted in an unqualified opinion.

**REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER THE FINANCIAL REPORTING:**

**Internal Control**

Significant Deficiencies  
Material Weaknesses

☒ Yes  
☐ Yes

☐ No  
☒ No

**Compliance**

Compliance Material to Financial Statements

☒ Yes

☐ No

A management letter was not issued.

**FEDERAL AWARDS**

Not applicable

**Part II. Findings relating to the Financial Statements which are required to be Reported under *Government Auditing Standards*.**

**FINDINGS RELATED TO INTERNAL CONTROL**

**2009-01. Inadequate design of internal control over financial statement preparation.**

Criteria: In the past, auditors were able to draft the financial statements with management accepting responsibility. Effective for financial statements ending on or after December 15, 2006, Statements on Auditing Standards 112 expands management's responsibility to ensure the propriety and completeness of the financial statements and related footnotes.

Finding: The Sheriff's staff responsible for preparation of the financial statements and related footnote disclosure in accordance with generally accepted accounting principles (GAAP) lacks the resources and/or knowledge necessary to internally complete the reporting requirements.

Recommendation: The Sheriff should either: 1) obtain the resources and/or knowledge necessary to internally prepare or review the auditor's preparation of the financial statements and related footnote disclosures in accordance with GAAP, or 2) determine if the cost of 1) overrides the benefit of correcting this control deficiency.

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**

**SCHEDULE OF FINDINGS AND RESPONSES**  
For the Year ended June 30, 2009

**2009-02.** Inadequate segregation of duties.

Criteria. Good internal control requires that different personnel be assigned to authorize transactions, record transactions, and maintain custody of assets.

Finding. The Sheriff does not have adequate segregation of functions or duties within the accounting system. Because of this, monitoring controls that could be used to detect errors and/or inappropriate actions cannot be performed effectively.

Recommendation: The duties should be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes: 1) separating transaction authorization from custody of related assets; 2) separating initializing transactions from general ledger posting and maintenance; 3) separating monitoring responsibility from record-keeping. Where these segregations are not practical, I recommend close supervision and review.

**FINDINGS RELATED TO COMPLIANCE**

**2009-03.** Violation of the Louisiana Audit Law

Criteria: Louisiana Revised Statutes require the DeSoto Parish Sheriff to submit annual financial statements to the Louisiana Legislative Auditor with six (6) months of the end of the fiscal year.

Finding: The Sheriff failed to submit his annual financial statements within the required time.

Recommendation: The audit should be completed before the December 31 deadline.

**DESOTO PARISH SHERIFF**  
**Mansfield, Louisiana**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
For the Year ended June 30, 2009

2008-01 Financial statement preparation. Unresolved See finding 2009-01

2008-02 Segregation of Duties. Unresolved. See finding 2009-02

2008-03 Violation of Audit Law. Unresolved. See finding 2009-03



Rodney Arbuckle  
Sheriff

DeSoto Parish Sheriff's Office  
205 Franklin Street  
Mansfield, Louisiana 71052  
Phone (318) 872-3956 • FAX (318) 872-2304



Patrick Cobbs  
Chief Deputy

DESOTO PARISH SHERIFF  
Mansfield, Louisiana

RESPONSE TO CURRENT YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009

2009-01 & 2008-01 Financial statement preparation

Based upon the cost versus benefit of obtaining the necessary resources and/or training, I have determined that is not cost effective for the accounting department to obtain the necessary qualifications and training to establish internal controls over the preparation of financial statements in accordance with GAAP. I feel it is in my interest to continue to outsource this task to the independent auditor, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

2009-02 & 2008-02 Segregation of Duties

At this time I have determined that it is not cost effective to attempt to achieve complete segregation of duties within the accounting functions of the DeSoto Parish Sheriff. We will try to rotate duties among available personnel whenever possible. We will, also, try to build in more effective monitoring controls separate from the record-keeping functions.

2009-03 & 2008-03 Louisiana Audit Law violation

I concur with the auditor's recommendation

Respectfully submitted,

A handwritten signature in black ink, appearing to be "R. Arbuckle", written over a horizontal line.

Rodney Arbuckle  
Sheriff